



To: All HOME, CDBG & Trust Fund Recipients
From: IHFA Community Development Department
Date: November 3, 2003
Re: Community Development – Compliance Revisions

Notice: FSP-03-14

The Community Development department recently revised our Implementation Manual into three separate Implementation Manuals:

1. Housing from Shelters to Homeownership Implementation Manual
2. Foundations Implementation Manual – CDBG Feasibility Study; CHDO Predevelopment Loan, and CHDO Seed Money Loan Recipients
3. CHDO Works, Subrecipient Agreement & CDBG Planning Study Implementation Manual

The manuals are available on our website at www.indianahousing.org. Please note: many worksheets have been combined into one spreadsheet so the duplicate information flows from one spreadsheet to the next.

Set-up & Completion Form by Activity

The set-up section has been revised to include the applicable forms for each activity type; however, as you identify the amount of funds needed by property address, please enter on the worksheet, *Summary of HOME or CDBG Assisted Sites* and the information will automatically flow through to the *Summary of HOME or CDBG Assisted Sites* worksheet located within each set-up section for your activity type. In the set-up section you will find the following for each activity type:

Homebuyer Awards –(a) Homeownership/Rental Housing Set-up report; (b) Summary of HOME or CDBG Assisted Sites, (c) IHFA Single Family Proforma; (d) Lead-Based Paint Form; (e) Homeownership Completion Report and (f) Individual Site – Match/Leverage Summary Form.

Downpayment Assistance Awards – (a) Homeownership/Rental Housing Set-up report; (b) Summary of HOME or CDBG Assisted Sites, (c) IHFA Single Family Proforma; (d) Lead-Based Paint Form; (e) Homeownership Completion Report and (f) Individual Site – Match/Leverage Summary Form.

Owner-Occupied Rehabilitation Awards - (a) Homeownership/Rental Housing Set-up report; (b) Summary of HOME or CDBG Assisted Sites, (c) Lead-Based Paint Form; (d) Homeownership Completion Report and (e) Individual Site – Match/Leverage Summary Form.



Rental Awards (Emergency Shelters, Transitional Housing, Youth Shelters and Migrant Seasonal Farmworker Housing) - a) Homeownership/Rental Housing Set-up report; (b) Summary of HOME or CDBG Assisted Sites, (c) Lead-Based Paint Form; (d) Rental Completion Report and (e) Individual Site – Match/Leverage Summary Form.

The following outlines changes to our programs. Unless otherwise noted, these changes become effective on November 3, 2003.

Policy Requirements

Construction Contract 90-Day Rule

IHFA requires that all construction contracts be executed 90-days prior to award expiration dated, e.g. award expired November 30, 2003, all construction contracts must be executed no later than September 1, 2003. If your award expires prior to December 31, 2003 and you have violated this condition, you will be issued a finding at monitoring.

For awards that expire on or after January 1, 2004, IHFA will not set-up property addresses that violate the 90-day rule. If you execute a construction contract within the 90-day period, IHFA will not reimburse for the costs associated with this contract.

Lead Based Paint Requirements

IHFA is no longer requiring distribution and documentation of the brochure “Lead Based Paint A Threat To Your Children” to program beneficiaries.

We still require all recipients to participate in educating the public on the hazards of lead poisoning. The following material must be posted or documents to the parties indicated regardless of project activity.

1. “Lead Paint Safety: A Field Guide for Painting” - This brochure must be distributed to every contractor and sub-contractor participating in a HOME or CDBG assisted housing rehabilitation program. Documentation of the distribution of this brochure to the contractors and sub-contractors must be maintained in the project file. The recipient must create a receipt form for the contractor to sign to document receipt of the brochure. This brochure can be ordered from the National Lead Information Center at (800) 424-5323.
2. “Protect Your Family From Lead in Your Home” - This EPA brochure must be distributed to every family participating in any of your housing activities. This includes occupants of homeless shelters and transitional housing units. Documentation of the distribution of this brochure to beneficiaries must be maintained in each project file. Additionally, all tenants during the affordability period must also receive this brochure: i.g. rental, transitional housing, emergency shelter, youth shelter and migrant seasonal farmworker housing.
3. “Protect Your Children From Lead Poisoning” - This poster must be displayed at the offices of the local unit of government, subrecipient, the award administrator, and any administrative organization involved in a federally assisted project. IHFA encourages local officials to post these posters at any public facility located in the jurisdiction. Additionally, all tenants during the affordability period must also receive this brochure: i.g. rental, transitional housing, emergency shelter, youth shelter and migrant seasonal farmworker housing.

Income Verification

Please note that the HUD Passbook Savings Rate is 2.00%.

Procurement

Notice of Contract Execution

For contracts executed **on or after July 1, 2003**, complete Exhibit E “Notice of Contract Execution” and submit to the IHFA Compliance Assistant. For all ongoing contracts, please submit this form as soon as any professional service or construction related contract is executed. IHFA staff will ensure this form has been submitted and will withhold payment on claims until the form has been submitted.

Insurance Documentation

Additionally, IHFA will not be requiring the insurance documentation submission with the set-up; however, we are requiring the type of insurance being utilized, the policy number, and insurance carrier information. The following outlines the acceptable forms of documentation and this documentation will be checked at your monitoring review.

Required Coverage

- For new construction including homebuyer, rental, transitional, emergency shelters, youth shelters and migrant/seasonal farm worker housing activities, builders risk and/or property insurance that includes coverage for work done by the contractors is required throughout the construction period.
- For rehabilitation including homebuyer, rental, transitional, emergency shelters, youth shelters and migrant/seasonal farm worker housing activities, builders risk, contractor liability and/or property insurance that includes coverage for work done by the contractors is required throughout the construction period.
- For owner-occupied rehabilitation contractor liability and/or property insurance that includes coverage for work done by contractors is required throughout the construction period.
- For rental, transitional, emergency shelters, youth shelters, and migrant/seasonal farm worker housing activities, adequate property insurance must be maintained throughout the affordability period. (This is required for all properties assisted through open or closed HOME, CDBG, or Trust Fund awards.)
- For homebuyer and owner-occupied rehabilitation, beneficiary loan documents must stipulate that adequate property insurance be maintained throughout the affordability period.

Policy Requirements

- If a contractor liability policy is used, it must name IHFA as additionally insured.
- If a builders risk policy is used, it must name IHFA as both loss payable and additionally insured.
- If a homeowner policy is used, nothing needs to be added to the policy. Once the lien is placed on the home, the entity placing the lien automatically becomes a loss payable. However, the policy must cover rehabilitation being completed by the contractor.
- The builder’s risk or contractor liability policy can be in the name of the recipient, contractor, owner of the property, subgrantee, or subrecipient.
- The builders risk coverage must be for the replacement value of the property, increasing as appropriate throughout the construction period to the full replacement value at construction completion.

- The value of the contractor liability must be at a minimum for the replacement value of the property. Additionally, if the contractor employs persons, the policy must also include workers compensation.
- The value of the property insurance must be at a minimum for the replacement value of the property.

A form for this can be found in the Procurement section of the Shelters to Homeownership Implementation Manual, Exhibit E.

Set-up

Section 106 Historic Review Clearance Notification

Section 106 Historic Review clearance notifications are no longer required to be submitted at set-up; however, if we do not have a copy of the Section 106 Historic Review clearance letter on file, we will require that you submit this documentation.

Insurance Documentation

This information is no longer required to be submitted with set-up but will be checked at monitoring. Please see the procurement section of this memo for the requirements.

Set-up Form

The set-up form has been revised to include information on the area median income level of the household.

Lead Form

You are no longer required to submit the results of the risk assessment, certificate of visual assessment training, results of the visual assessment or results of the paint test. This documentation, however, must be available at the time of monitoring.

A form for this can be found in the Set-Up section of the Shelters to Homeownership Implementation Manual, Exhibit E.

Drawing Funds

Insurance Requirement

You are no longer required to submit a policy endorsement; however, this will be reviewed at monitoring.

Claim Voucher

A narrative section has been added to the claim voucher.

A revised claim voucher can be found in the Drawing Funds section of the Shelters to Homeownership Implementation Manual.

Semi-Annual Reports

Recipients are no longer required to submit Semi-Annual Reports.

Completion

Completion Report

The completion report has been revised to include area median income level information and household data: minor kids, female head of household, elderly household, and disabled household.

Match Summary Form

This form is no longer required.

Close-out

Exhibit A – Status of Federal Cash & Match/Leverage Statement

This form has been revised.

Exhibit B – Property Inventory Form

There are no changes to this form.

Exhibit C – Financial Settlement/Expenditure Summary

This form is new and reports on the budget line items.

Exhibit D – Applicants and Beneficiary Summary

This form has minor revisions as it pertains to Hispanic households.

Exhibit E – Section 3: Economic Opportunities for Low and Very Low Income Persons

There are no changes to this form.

Exhibit F – Certification of Recipient

There are no changes to this form.

Backend Development Package (rental developments only)

This is new and must be submitted with close-out documentation for all rental developments.

Please note, the Detailed Beneficiary Report is no longer required to be submitted at close-out.

If you have questions regarding this correspondence, please contact your IHFA Compliance Monitor at (317) 232-7777 or toll-free at (800) 872-0371.